

Financial Literacy: The Relationship to Savings in Low- to Moderate-Income Households

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This study was designed to extend the view of financial literacy in low- to moderate-income households with regard to savings behavior, self-reported perception of financial knowledge, and planning behavior. First, we examine the low- to moderate-income household's response to the three financial literacy related questions by Lusardi and Mitchell. Second, we examine a self-reported perception of financial knowledge, and third, we examine the behaviors of planning, monitoring, and saving of a household's finances and potential correlations with financial literacy. A significant relationship was found between the self-reported perception of financial knowledge and one of the financial literacy questions. In addition, significant relationships were found to exist between planning and the self-reported perception of financial knowledge and between the monitoring of expenses and the self-reported perception of financial knowledge. No significant relationships were found to exist between the decision to save and the response to the three financial literacy questions.

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